

## Message Text

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ACTION EUR-12

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TAGS: PFOR, ENRG, EEC

SUBJECT: EC ENERGY COUNCIL, FEBRUARY 13, 1975: HIGHLIGHTS

REFS: EC BRUSSELS 10014, DEC. 18, 1974

1. SUMMARY: THE EC ENERGY COUNCIL ON FEBRUARY 13 HEARD A PRESENTATION FROM EC COMMISSION VICE PRESIDENT SIMONET ON HIS IDEAS REGARDING ALTERNATE ENERGY SOURCES AND A REPORT FROM THE COUNCIL PRESIDENT ON PREPARATIONS FOR THE FORTH-COMING CONSUMER/PRODUCER PREPARATORY CONFERENCE (REPORTED SEPTEL). THEY ADOPTED A RESOLUTION ON THE MEANS FOR ACHIEVING THE COMMUNITY'S ALREADY-APPROVED GOALS FOR THE REDUCTION OF ENERGY CONSUMPTION BY 1985 AND A DIRECTIVE RESTRICTING THE USE OF PETROLEUM PRODUCTS IN POWER STATIONS. THE COUNCIL HELD AN EXCHANGE OF VIEWS ON PROPOSED COMMON ARRANGEMENTS FOR IMPORT AND EXPORT OF HYDROCARBONS, AND ON PROPOSALS FOR SHORT-TERM CONSERVATION OBJECTIVES. THE BRITISH BLOCKED ACTION ON ESTABLISHMENT OF MINIMUM STOCKS AT THERMAL POWER STATIONS.

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THE FRG RAISED ITS PROPOSAL FOR DUTY FREE ENTRY OF

PETROLEUM PRODUCTS FROM IRAN AND RECEIVED A NEGATIVE REACTION (REPORTED SEPTEL). END SUMMARY.

2. MEANS FOR ACHIEVING 1985 ENERGY OBJECTIVES:  
THE MINISTERS APPROVED A RESOLUTION CALLING ON THE COMMISSION TO MAKE SPECIFIC PROPOSALS ON MEANS TO ACHIEVE THE COMMUNITY'S ENERGY REDUCTION TARGETS FOR 1985 WHICH WERE APPROVED DECEMBER 17, 1974.

3. THE RESOLUTION (A COPY OF WHICH WILL BE TRANSMITTED BY AIRGRAM) CALLS FOR THE MAINTENANCE OF COAL PRODUCTION AT PRESENT LEVELS AND THE DEVELOPMENT OF BROWN COAL AND PEAT PRODUCTION. IT ASKS THE COMMISSION TO SET NUCLEAR ENERGY PRODUCTION TARGETS AS GUIDANCE FOR MEMBER STATES AND TO STIPULATE, IN PARTICULAR, OVERALL COMMUNITY REQUIREMENTS FOR NUCLEAR FUEL. THE RESOLUTION NOTES THE COUNCIL'S WILLINGNESS TO EXAMINE WHETHER THERE SHOULD BE COMMUNITY RULES TO INSURE BALANCED SUPPLY OF ALL FORMS OF ENERGY AND MAINTENANCE OF EC MARKET UNITY--IN ACCORDANCE WITH THE TREATY PROVISIONS--IN CASE OF SUPPLY DIFFICULTIES.  
(COMMENT: THE FULL INTENT OF THIS PART OF THE RESOLUTION IS UNCLEAR. IT EVOKED LENGTHY DEBATE. SOME SAW IT AS A FRENCH EFFORT TO INSURE ACCESS TO NORTH SEA OIL IN CASE OF NEED).

4. RESTRICTION OF USE OF PETROLEUM PRODUCTS IN POWER STATIONS: THE COUNCIL APPROVED A DIRECTIVE RESTRICTING THE USE OF PETROLEUM PRODUCTS IN POWER STATIONS. THE DIRECTIVE IS SIMILAR TO THAT GOVERNING NATURAL GAS (REFTELS). IT PROHIBITS, WITH CERTAIN EXCEPTIONS, CONSTRUCTION OF NEW POWER STATIONS WHICH WOULD BE HEAVILY DEPENDENT ON OIL FUELS AND THE CONVERSION OF EXISTING POWER STATIONS TO BURN SUCH FUELS WITHOUT PRIOR AUTHORIZATION OF MEMBER STATE AUTHORITIES.

5. MINIMUM STOCKS OF FUEL AT THERMAL POWER PLANTS:  
THE MINISTERS CONSIDERED A DRAFT DIRECTIVE OBLIGATING MEMBER STATES TO INSURE THAT STOCKS OF FUEL SUFFICIENT FOR THIRTY DAYS' NORMAL OPERATION ARE MAINTAINED AT LIMITED OFFICIAL USE

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THERMAL POWER STATIONS IN THE COMMUNITY. ALL DELEGATIONS EXCEPT THE BRITISH WERE PREPARED TO ACCEPT THIS DIRECTIVE. THE BRITISH OBJECTED ON GROUNDS THAT THIS SUBJECT WAS NOT WITHIN THE COMPETENCE OF THE COMMUNITY. THE BRITISH REPRESENTATIVE, LORD BALOGH, DID ULTIMATELY AGREE TO TAKE THE QUESTION UP AGAIN IN LONDON. COUNCIL SOURCES SPECULATED THAT THE BRITISH WILL GO ALONG AT SOME TIME IN THE FUTURE,

PROVIDED THEY CAN MINIMIZE THE RISK OF ANTI-MARKET FORCES EXPLOITING THE SOVEREIGNTY ASPECT.

6. OTHER ACTIONS: THE COUNCIL HELD A BRIEF INITIAL DISCUSSION OF A COMMISSION PROPOSAL FOR A REGULATION ON COMMON ARRANGEMENTS FOR IMPORT AND EXPORT OF HYDRO-CARBONS. THE MINISTERS ARE TO TAKE THE MATTER UP AGAIN AT THE NEXT ENERGY COUNCIL.

7. THE MINISTERS ALSO CONSIDERED A COMMISSION PAPER ON FIXING OF SHORT TERM OBJECTIVES FOR COMMUNITY ENERGY CONSERVATION. THE PERM REPS HAVE BEEN REQUESTED TO EXAMINE THE PAPER FURTHER, IN LIGHT OF THE COUNCIL'S DISCUSSION, AND THE MINISTERS EXPECT TO DEAL WITH THE SUBJECT AT THEIR NEXT MEETING.

8. NO DATE WAS FIXED FOR THE NEXT ENERGY COUNCIL MEETING BECAUSE OF UNCERTAINTY REGARDING PREPARATIONS FOR THE CONSUMER/PRODUCER CONFERENCE (SEE SEPTTEL). IF THE MINISTERS FOLLOW THE BI-MONTHLY SCHEDULE WHICH THEY ADOPTED AT THEIR LAST SESSION, THE NEXT REGULAR ENERGY COUNCIL WILL BE HELD TOWARD THE END OF APRIL.

9. COMMENT: THE COUNCIL TOOK FINAL ACTION ONLY ON RELATIVELY INNOCUOUS ISSUES PUTTING OFF ACTION ON THE MAJOR AND MORE CONTROVERSIAL QUESTIONS. AS ORIGINALLY CONCEIVED, ENERGY COUNCIL MEETINGS WERE SEEN AS APPROPRIATELY HIGH LEVEL CENTRALIZED FORA FOR CONSIDERATION OF ALL ASPECTS OF THE COMMUNITY'S ENERGY POLICY. THESE MEETINGS WERE TO BE ATTENDED BY A VARIETY OF MINISTERS-FINANCE, ENERGY, TRADE AND ECONOMICS, AND FOREIGN--DEPENDING ON THE PARTICULAR LIMITED OFFICIAL USE

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ISSUES.

10. IN PRACTICE, THE ORIGINAL GOAL IS NOT BEING ACHIEVED. FOREIGN MINISTERS, FINANCE MINISTERS AND OTHERS CONTINUE TO DISCUSS ENERGY-RELATED TOPICS IN THEIR OWN SEPARATE COUNCIL MEETINGS, LEAVING THE ENERGY MINISTERS OR, MORE FREQUENTLY, STATE SECRETARIES TO DEAL WITH THE MORE TECHNICAL DETAILS. WITH A FEW EXCEPTIONS, THE MINISTERS WHO HANDLE ENERGY DO NOT APPEAR TO HAVE BROAD ENOUGH MANDATES, OR ENOUGH CLOUT AT HOME TO NEGOTIATE DIFFICULT QUESTIONS TO A CONCLUSION. IT IS ALSO CLEAR THAT AT PRESENT THE CENTER OF GRAVITY FOR IN-DEPTH ENERGY WORK IS THE IEA AND MANY IF NOT MOST EC COUNTRIES ARE EITHER UNWILLING OR UNABLE TO MAKE SUCH AN INTENSIVE EFFORT

IN THE COMMUNITY FRAMEWORK. FRG STATE SECRETARY  
ROHWEDDER'S COMMENTS ON IEA-RELATED ITEMS (SEPTTEL)  
ARE SYMPTOMATIC IN THIS REGARD.GREENWALD

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